



STATE OF DELAWARE  
DEPARTMENT OF NATURAL RESOURCES  
& ENVIRONMENTAL CONTROL  
**DELAWARE ENERGY OFFICE**  
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May 1, 2009

Green Energy Program Contractors

**RE: Delaware Green Energy Program**

Dear Green Energy Program Contractor:

Thank you for your interest in clean energy technologies and tremendous help increasing the popularity of the Green Energy Program (GEP). This program is designed to offer grants to reduce the installed cost of photovoltaic, solar water heating, wind, and geothermal renewable energy technologies.

As you are aware the federal government passed extensive renewable energy legislation in the last year extending and enhancing the Investment Tax Credits (ITC) for the installation of renewable energy systems by removing the \$2,000 cap on residential installations and making the credit refundable. Many other States immediately responded by lowering the direct grant percentages to residents and non-residential entities for renewable energy systems to allow greater participation for the same level of total subsidy. During this interim period, the State of Delaware continued to allow applications for 50% grants. Unfortunately, this has had the consequence of creating an extremely large over-subscription to the program. Currently, the program has a rebate backlog of \$1.5M dollars for projects already installed by Delmarva customers. Further, the program has received applications requesting rebates totaling \$2.5 million and \$2.4 million dollars for residential and non-residential systems, respectively.

While this incredible recent demand represents a great effort to increase the deployment of solar photovoltaic, wind turbines, and solar water heating systems in Delaware, it is unsustainable with the limited annual funds of the Green Energy Program, which typically receives about \$2 million each year (40% for residential and 60% for non-residential grants). Providing funding for the currently approved, yet uninstalled, projects will require 3.5 years and 2 years respectively to obtain adequate funds for payment.

Rather than spurring new investment, the current design of the Green Energy Program has created an ever-growing backlog of projects, which has unintentionally delayed people from receiving the benefits of clean, renewable power. To address this situation, the Energy Office will offer a new program option that will allow more individuals to participate in the program more quickly that may partially be funded by stimulus program resources. Current applicants for solar photovoltaic, small wind turbine or solar water heating system rebates can choose to receive funds as they become available under the existing program or they may choose to opt into a new program that will allow participants to receive rebates more quickly and provide the level of subsidy intended under the original legislation authorizing the program (total subsidy of 55%). Participants choosing to stay in the existing program structure will not experience additional delays (beyond the 2.0 [commercial] to 3.5 year [residential] delays noted above) because of the new option.

While projects that are already installed and awaiting their rebate will receive funds as they become available, projects that have already been approved, but not yet installed, will be given two options:

*Delaware's Clean Energy Future Depends On You!*



1. Current applicants who are in receipt of fully executed "Confirmation and Claim" forms may continue in the existing program and receive rebates as funding becomes available, which is currently estimated at two to three years, or
2. Current applicants who are in receipt of fully executed "Confirmation and Claim" forms may join a new program offering a total subsidy of 55% of solar or wind system cost from a combination of the Federal Investment Tax Credit (ITC, 30%) and a Green Energy Fund rebate of 25% of the system cost. Application for the Federal ITC is the responsibility of the current applicant.

Current applicants opting for the new program will likely receive funding within six months of project completion (although this cannot be guaranteed). For those current applicants who are non-profit or public agencies and who are not eligible for the Federal Investment Tax Credit, the new program can offer a Green Energy Program rebate of 35% of the system cost, with the likelihood of payment within six months of project completion. The 35% rebate is not available for projects in which a third party ownership model is adopted by the non-profit or public agency. Alternatively, current non-profit and public agency applicants can continue in the existing program and receive rebates as funding becomes available.

All applications received after May 1, 2009 will be eligible for subsidies of 50% of the total solar photovoltaic system, small wind turbine or solar water heating system costs from a combination of the Federal Investment or Production Tax Credit and State resources (this will not impact the current geothermal heat pump rebate levels). This new structure provides one of the most generous renewable energy subsidies of any state in the nation. The intent of this new structure is to ensure that the program allows as many Delawareans to adopt renewable energy, as rapidly as possible, and conforms to the intent of the original authorizing legislation.

We understand that this change, while necessary, may cause short-term confusion for customers and installers; however, this proposal aligns the program with the original intent of the legislation and will substantially increase the level of participation. We will post additional information on the Energy Office website: <http://www.energy.dnrec.delaware.gov>. This new option will compliment an initiative currently under design by the Energy Office and the Sustainable Energy Utility to provide creative financing mechanisms, which will allow more residents and businesses to access the resources necessary to receive clean power.

We look forward to continuing working with you to spread the adoption of renewable energy across the state.

Sincerely,

  
Charlie T. Smisson Jr.  
State Energy Coordinator

cc: Collin O'Mara, Secretary  
David Small, Deputy Secretary  
Philip Cherry, Director, Policy and Planning  
Scott Lynch, Energy Program Planner